



## 98TH GENERAL ASSEMBLY

### State of Illinois

### 2013 and 2014

#### HB3750

by Rep. Anthony DeLuca

#### SYNOPSIS AS INTRODUCED:

30 ILCS 115/1  
35 ILCS 5/901

from Ch. 85, par. 611  
from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. Provides that, beginning on February 1, 2015, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to 10% of the net revenue realized from the tax imposed under the Act during the preceding month (instead of: (i) beginning on February 1, 2015 and through January 31, 2025, an amount equal to the sum of 8% of the net revenue realized from the tax imposed upon individuals, trusts, and estates, and 9.14% of the net revenue realized from the tax imposed on corporations; and (ii) beginning on February 1, 2025, an amount equal to the sum of 9.23% of the net revenue realized from the tax imposed upon individuals, trusts, and estates, and 10% of the net revenue realized from the tax imposed on corporations).

LRB098 14363 HLH 49000 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The State Revenue Sharing Act is amended by  
5 changing Section 1 as follows:

6 (30 ILCS 115/1) (from Ch. 85, par. 611)

7 Sec. 1. Local Government Distributive Fund. Through June  
8 30, 1994, as soon as may be after the first day of each month  
9 the Department of Revenue shall certify to the Treasurer the  
10 amount required to be transferred from the General Revenue Fund  
11 to the Local Government Distributive Fund under subsection (b)  
12 of Section 901 of the Illinois Income Tax Act. ~~an amount equal~~  
13 ~~to 1/12 of the net revenue realized from the tax imposed by~~  
14 ~~subsections (a) and (b) of Section 201 of the Illinois Income~~  
15 ~~Tax Act during the preceding month. Beginning July 1, 1994, and~~  
16 ~~continuing through June 30, 1995, as soon as may be after the~~  
17 ~~first day of each month, the Department of Revenue shall~~  
18 ~~certify to the Treasurer an amount equal to 1/11 of the net~~  
19 ~~revenue realized from the tax imposed by subsections (a) and~~  
20 ~~(b) of Section 201 of the Illinois Income Tax Act during the~~  
21 ~~preceding month. Beginning July 1, 1995, as soon as may be~~  
22 ~~after the first day of each month, the Department of Revenue~~  
23 ~~shall certify to the Treasurer an amount equal to 1/10 of the~~

1 ~~net revenue realized from the tax imposed by subsections (a)~~  
2 ~~and (b) of Section 201 of the Illinois Income Tax Act during~~  
3 ~~the preceding month. Net revenue realized for a month shall be~~  
4 ~~defined as the revenue from the tax imposed by subsections (a)~~  
5 ~~and (b) of Section 201 of the Illinois Income Tax Act which is~~  
6 ~~deposited in the General Revenue Fund, the Education Assistance~~  
7 ~~Fund and the Income Tax Surcharge Local Government Distributive~~  
8 ~~Fund during the month minus the amount paid out of the General~~  
9 ~~Revenue Fund in State warrants during that same month as~~  
10 ~~refunds to taxpayers for overpayment of liability under the tax~~  
11 ~~imposed by subsections (a) and (b) of Section 201 of the~~  
12 ~~Illinois Income Tax Act.~~ Upon receipt of such certification,  
13 the Treasurer shall transfer from the General Revenue Fund to a  
14 special fund in the State treasury, to be known as the "Local  
15 Government Distributive Fund", the amount shown on such  
16 certification.

17 All amounts paid into the Local Government Distributive  
18 Fund in accordance with this Section and allocated pursuant to  
19 this Act are appropriated on a continuing basis.

20 (Source: P.A. 88-89.)

21 Section 10. The Illinois Income Tax Act is amended by  
22 changing Section 901 as follows:

23 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

24 Sec. 901. Collection Authority.

1 (a) In general.

2 The Department shall collect the taxes imposed by this Act.  
3 The Department shall collect certified past due child support  
4 amounts under Section 2505-650 of the Department of Revenue Law  
5 (20 ILCS 2505/2505-650). Except as provided in subsections (c),  
6 (e), (f), and (g) of this Section, money collected pursuant to  
7 subsections (a) and (b) of Section 201 of this Act shall be  
8 paid into the General Revenue Fund in the State treasury; money  
9 collected pursuant to subsections (c) and (d) of Section 201 of  
10 this Act shall be paid into the Personal Property Tax  
11 Replacement Fund, a special fund in the State Treasury; and  
12 money collected under Section 2505-650 of the Department of  
13 Revenue Law (20 ILCS 2505/2505-650) shall be paid into the  
14 Child Support Enforcement Trust Fund, a special fund outside  
15 the State Treasury, or to the State Disbursement Unit  
16 established under Section 10-26 of the Illinois Public Aid  
17 Code, as directed by the Department of Healthcare and Family  
18 Services.

19 (b) Local Government Distributive Fund.

20 Beginning August 1, 1969, and continuing through June 30,  
21 1994, the Treasurer shall transfer each month from the General  
22 Revenue Fund to a special fund in the State treasury, to be  
23 known as the "Local Government Distributive Fund", an amount  
24 equal to 1/12 of the net revenue realized from the tax imposed  
25 by subsections (a) and (b) of Section 201 of this Act during  
26 the preceding month. Beginning July 1, 1994, and continuing

1 through June 30, 1995, the Treasurer shall transfer each month  
2 from the General Revenue Fund to the Local Government  
3 Distributive Fund an amount equal to 1/11 of the net revenue  
4 realized from the tax imposed by subsections (a) and (b) of  
5 Section 201 of this Act during the preceding month. Beginning  
6 July 1, 1995 and continuing through January 31, 2011, the  
7 Treasurer shall transfer each month from the General Revenue  
8 Fund to the Local Government Distributive Fund an amount equal  
9 to the net of (i) 1/10 of the net revenue realized from the tax  
10 imposed by subsections (a) and (b) of Section 201 of the  
11 Illinois Income Tax Act during the preceding month (ii) minus,  
12 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,  
13 and beginning July 1, 2004, zero. Beginning February 1, 2011,  
14 and continuing through January 31, 2015, the Treasurer shall  
15 transfer each month from the General Revenue Fund to the Local  
16 Government Distributive Fund an amount equal to the sum of (i)  
17 6% (10% of the ratio of the 3% individual income tax rate prior  
18 to 2011 to the 5% individual income tax rate after 2010) of the  
19 net revenue realized from the tax imposed by subsections (a)  
20 and (b) of Section 201 of this Act upon individuals, trusts,  
21 and estates during the preceding month and (ii) 6.86% (10% of  
22 the ratio of the 4.8% corporate income tax rate prior to 2011  
23 to the 7% corporate income tax rate after 2010) of the net  
24 revenue realized from the tax imposed by subsections (a) and  
25 (b) of Section 201 of this Act upon corporations during the  
26 preceding month. Beginning February 1, 2015 ~~and continuing~~

1 ~~through January 31, 2025, the Treasurer shall transfer each~~  
2 ~~month from the General Revenue Fund to the Local Government~~  
3 ~~Distributive Fund an amount equal to the sum of (i) 8% (10% of~~  
4 ~~the ratio of the 3% individual income tax rate prior to 2011 to~~  
5 ~~the 3.75% individual income tax rate after 2014) of the net~~  
6 ~~revenue realized from the tax imposed by subsections (a) and~~  
7 ~~(b) of Section 201 of this Act upon individuals, trusts, and~~  
8 ~~estates during the preceding month and (ii) 9.14% (10% of the~~  
9 ~~ratio of the 4.8% corporate income tax rate prior to 2011 to~~  
10 ~~the 5.25% corporate income tax rate after 2014) of the net~~  
11 ~~revenue realized from the tax imposed by subsections (a) and~~  
12 ~~(b) of Section 201 of this Act upon corporations during the~~  
13 ~~preceding month. Beginning February 1, 2025, the Treasurer~~  
14 shall transfer each month from the General Revenue Fund to the  
15 Local Government Distributive Fund an amount equal to ~~the sum~~  
16 ~~of (i) 9.23% (10% of the ratio of the 3% individual income tax~~  
17 ~~rate prior to 2011 to the 3.25% individual income tax rate~~  
18 ~~after 2024) of the net revenue realized from the tax imposed by~~  
19 ~~subsections (a) and (b) of Section 201 of this Act upon~~  
20 ~~individuals, trusts, and estates during the preceding month and~~  
21 ~~(ii) 10% of the net revenue realized from the tax imposed by~~  
22 subsections (a) and (b) of Section 201 of this Act ~~upon~~  
23 ~~corporations~~ during the preceding month. Net revenue realized  
24 for a month shall be defined as the revenue from the tax  
25 imposed by subsections (a) and (b) of Section 201 of this Act  
26 which is deposited into ~~in~~ the General Revenue Fund, the

1 Education Assistance Fund, the Income Tax Surcharge Local  
2 Government Distributive Fund, the Fund for the Advancement of  
3 Education, and the Commitment to Human Services Fund during the  
4 month minus the amount paid out of the General Revenue Fund in  
5 State warrants during that same month as refunds to taxpayers  
6 for overpayment of liability under the tax imposed by  
7 subsections (a) and (b) of Section 201 of this Act.

8 (c) Deposits Into Income Tax Refund Fund.

9 (1) Beginning on January 1, 1989 and thereafter, the  
10 Department shall deposit a percentage of the amounts  
11 collected pursuant to subsections (a) and (b)(1), (2), and  
12 (3), of Section 201 of this Act into a fund in the State  
13 treasury known as the Income Tax Refund Fund. The  
14 Department shall deposit 6% of such amounts during the  
15 period beginning January 1, 1989 and ending on June 30,  
16 1989. Beginning with State fiscal year 1990 and for each  
17 fiscal year thereafter, the percentage deposited into the  
18 Income Tax Refund Fund during a fiscal year shall be the  
19 Annual Percentage. For fiscal years 1999 through 2001, the  
20 Annual Percentage shall be 7.1%. For fiscal year 2003, the  
21 Annual Percentage shall be 8%. For fiscal year 2004, the  
22 Annual Percentage shall be 11.7%. Upon the effective date  
23 of this amendatory Act of the 93rd General Assembly, the  
24 Annual Percentage shall be 10% for fiscal year 2005. For  
25 fiscal year 2006, the Annual Percentage shall be 9.75%. For  
26 fiscal year 2007, the Annual Percentage shall be 9.75%. For

1 fiscal year 2008, the Annual Percentage shall be 7.75%. For  
2 fiscal year 2009, the Annual Percentage shall be 9.75%. For  
3 fiscal year 2010, the Annual Percentage shall be 9.75%. For  
4 fiscal year 2011, the Annual Percentage shall be 8.75%. For  
5 fiscal year 2012, the Annual Percentage shall be 8.75%. For  
6 fiscal year 2013, the Annual Percentage shall be 9.75%. For  
7 fiscal year 2014, the Annual Percentage shall be 9.5%. For  
8 all other fiscal years, the Annual Percentage shall be  
9 calculated as a fraction, the numerator of which shall be  
10 the amount of refunds approved for payment by the  
11 Department during the preceding fiscal year as a result of  
12 overpayment of tax liability under subsections (a) and  
13 (b) (1), (2), and (3) of Section 201 of this Act plus the  
14 amount of such refunds remaining approved but unpaid at the  
15 end of the preceding fiscal year, minus the amounts  
16 transferred into the Income Tax Refund Fund from the  
17 Tobacco Settlement Recovery Fund, and the denominator of  
18 which shall be the amounts which will be collected pursuant  
19 to subsections (a) and (b) (1), (2), and (3) of Section 201  
20 of this Act during the preceding fiscal year; except that  
21 in State fiscal year 2002, the Annual Percentage shall in  
22 no event exceed 7.6%. The Director of Revenue shall certify  
23 the Annual Percentage to the Comptroller on the last  
24 business day of the fiscal year immediately preceding the  
25 fiscal year for which it is to be effective.

26 (2) Beginning on January 1, 1989 and thereafter, the

1 Department shall deposit a percentage of the amounts  
2 collected pursuant to subsections (a) and (b) (6), (7), and  
3 (8), (c) and (d) of Section 201 of this Act into a fund in  
4 the State treasury known as the Income Tax Refund Fund. The  
5 Department shall deposit 18% of such amounts during the  
6 period beginning January 1, 1989 and ending on June 30,  
7 1989. Beginning with State fiscal year 1990 and for each  
8 fiscal year thereafter, the percentage deposited into the  
9 Income Tax Refund Fund during a fiscal year shall be the  
10 Annual Percentage. For fiscal years 1999, 2000, and 2001,  
11 the Annual Percentage shall be 19%. For fiscal year 2003,  
12 the Annual Percentage shall be 27%. For fiscal year 2004,  
13 the Annual Percentage shall be 32%. Upon the effective date  
14 of this amendatory Act of the 93rd General Assembly, the  
15 Annual Percentage shall be 24% for fiscal year 2005. For  
16 fiscal year 2006, the Annual Percentage shall be 20%. For  
17 fiscal year 2007, the Annual Percentage shall be 17.5%. For  
18 fiscal year 2008, the Annual Percentage shall be 15.5%. For  
19 fiscal year 2009, the Annual Percentage shall be 17.5%. For  
20 fiscal year 2010, the Annual Percentage shall be 17.5%. For  
21 fiscal year 2011, the Annual Percentage shall be 17.5%. For  
22 fiscal year 2012, the Annual Percentage shall be 17.5%. For  
23 fiscal year 2013, the Annual Percentage shall be 14%. For  
24 fiscal year 2014, the Annual Percentage shall be 13.4%. For  
25 all other fiscal years, the Annual Percentage shall be  
26 calculated as a fraction, the numerator of which shall be

1 the amount of refunds approved for payment by the  
2 Department during the preceding fiscal year as a result of  
3 overpayment of tax liability under subsections (a) and  
4 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
5 Act plus the amount of such refunds remaining approved but  
6 unpaid at the end of the preceding fiscal year, and the  
7 denominator of which shall be the amounts which will be  
8 collected pursuant to subsections (a) and (b) (6), (7), and  
9 (8), (c) and (d) of Section 201 of this Act during the  
10 preceding fiscal year; except that in State fiscal year  
11 2002, the Annual Percentage shall in no event exceed 23%.  
12 The Director of Revenue shall certify the Annual Percentage  
13 to the Comptroller on the last business day of the fiscal  
14 year immediately preceding the fiscal year for which it is  
15 to be effective.

16 (3) The Comptroller shall order transferred and the  
17 Treasurer shall transfer from the Tobacco Settlement  
18 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000  
19 in January, 2001, (ii) \$35,000,000 in January, 2002, and  
20 (iii) \$35,000,000 in January, 2003.

21 (d) Expenditures from Income Tax Refund Fund.

22 (1) Beginning January 1, 1989, money in the Income Tax  
23 Refund Fund shall be expended exclusively for the purpose  
24 of paying refunds resulting from overpayment of tax  
25 liability under Section 201 of this Act, for paying rebates  
26 under Section 208.1 in the event that the amounts in the

1 Homeowners' Tax Relief Fund are insufficient for that  
2 purpose, and for making transfers pursuant to this  
3 subsection (d).

4 (2) The Director shall order payment of refunds  
5 resulting from overpayment of tax liability under Section  
6 201 of this Act from the Income Tax Refund Fund only to the  
7 extent that amounts collected pursuant to Section 201 of  
8 this Act and transfers pursuant to this subsection (d) and  
9 item (3) of subsection (c) have been deposited and retained  
10 in the Fund.

11 (3) As soon as possible after the end of each fiscal  
12 year, the Director shall order transferred and the State  
13 Treasurer and State Comptroller shall transfer from the  
14 Income Tax Refund Fund to the Personal Property Tax  
15 Replacement Fund an amount, certified by the Director to  
16 the Comptroller, equal to the excess of the amount  
17 collected pursuant to subsections (c) and (d) of Section  
18 201 of this Act deposited into the Income Tax Refund Fund  
19 during the fiscal year over the amount of refunds resulting  
20 from overpayment of tax liability under subsections (c) and  
21 (d) of Section 201 of this Act paid from the Income Tax  
22 Refund Fund during the fiscal year.

23 (4) As soon as possible after the end of each fiscal  
24 year, the Director shall order transferred and the State  
25 Treasurer and State Comptroller shall transfer from the  
26 Personal Property Tax Replacement Fund to the Income Tax

1 Refund Fund an amount, certified by the Director to the  
2 Comptroller, equal to the excess of the amount of refunds  
3 resulting from overpayment of tax liability under  
4 subsections (c) and (d) of Section 201 of this Act paid  
5 from the Income Tax Refund Fund during the fiscal year over  
6 the amount collected pursuant to subsections (c) and (d) of  
7 Section 201 of this Act deposited into the Income Tax  
8 Refund Fund during the fiscal year.

9 (4.5) As soon as possible after the end of fiscal year  
10 1999 and of each fiscal year thereafter, the Director shall  
11 order transferred and the State Treasurer and State  
12 Comptroller shall transfer from the Income Tax Refund Fund  
13 to the General Revenue Fund any surplus remaining in the  
14 Income Tax Refund Fund as of the end of such fiscal year;  
15 excluding for fiscal years 2000, 2001, and 2002 amounts  
16 attributable to transfers under item (3) of subsection (c)  
17 less refunds resulting from the earned income tax credit.

18 (5) This Act shall constitute an irrevocable and  
19 continuing appropriation from the Income Tax Refund Fund  
20 for the purpose of paying refunds upon the order of the  
21 Director in accordance with the provisions of this Section.

22 (e) Deposits into the Education Assistance Fund and the  
23 Income Tax Surcharge Local Government Distributive Fund.

24 On July 1, 1991, and thereafter, of the amounts collected  
25 pursuant to subsections (a) and (b) of Section 201 of this Act,  
26 minus deposits into the Income Tax Refund Fund, the Department

1 shall deposit 7.3% into the Education Assistance Fund in the  
2 State Treasury. Beginning July 1, 1991, and continuing through  
3 January 31, 1993, of the amounts collected pursuant to  
4 subsections (a) and (b) of Section 201 of the Illinois Income  
5 Tax Act, minus deposits into the Income Tax Refund Fund, the  
6 Department shall deposit 3.0% into the Income Tax Surcharge  
7 Local Government Distributive Fund in the State Treasury.  
8 Beginning February 1, 1993 and continuing through June 30,  
9 1993, of the amounts collected pursuant to subsections (a) and  
10 (b) of Section 201 of the Illinois Income Tax Act, minus  
11 deposits into the Income Tax Refund Fund, the Department shall  
12 deposit 4.4% into the Income Tax Surcharge Local Government  
13 Distributive Fund in the State Treasury. Beginning July 1,  
14 1993, and continuing through June 30, 1994, of the amounts  
15 collected under subsections (a) and (b) of Section 201 of this  
16 Act, minus deposits into the Income Tax Refund Fund, the  
17 Department shall deposit 1.475% into the Income Tax Surcharge  
18 Local Government Distributive Fund in the State Treasury.

19 (f) Deposits into the Fund for the Advancement of  
20 Education. Beginning February 1, 2015, the Department shall  
21 deposit the following portions of the revenue realized from the  
22 tax imposed upon individuals, trusts, and estates by  
23 subsections (a) and (b) of Section 201 of this Act during the  
24 preceding month, minus deposits into the Income Tax Refund  
25 Fund, into the Fund for the Advancement of Education:

26 (1) beginning February 1, 2015, and prior to February

1           1, 2025, 1/30; and

2           (2) beginning February 1, 2025, 1/26.

3           If the rate of tax imposed by subsection (a) and (b) of  
4 Section 201 is reduced pursuant to Section 201.5 of this Act,  
5 the Department shall not make the deposits required by this  
6 subsection (f) on or after the effective date of the reduction.

7           (g) Deposits into the Commitment to Human Services Fund.  
8 Beginning February 1, 2015, the Department shall deposit the  
9 following portions of the revenue realized from the tax imposed  
10 upon individuals, trusts, and estates by subsections (a) and  
11 (b) of Section 201 of this Act during the preceding month,  
12 minus deposits into the Income Tax Refund Fund, into the  
13 Commitment to Human Services Fund:

14           (1) beginning February 1, 2015, and prior to February  
15 1, 2025, 1/30; and

16           (2) beginning February 1, 2025, 1/26.

17           If the rate of tax imposed by subsection (a) and (b) of  
18 Section 201 is reduced pursuant to Section 201.5 of this Act,  
19 the Department shall not make the deposits required by this  
20 subsection (g) on or after the effective date of the reduction.

21           (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,  
22 eff. 6-19-13.)